MONTANA LEGISLATIVE HISTORY

Chapter 554 19 85

Bill H 324 S _____ Original bill & history ✓ C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	Feb 21	✓ C	Hearing Date(s)	Mar 19	✓ C
	Mar 02	✓ C		Apr 05	✓ C
		C			C
		C			C
Date Out	Mar 02	✓ C		Apr 05	✓ C

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____ Report _____

HB 522 INTRODUCED BY TUSS, ET AL.

REQUIRE DISABILITY INSURANCE COVERAGE FOR RESPIRATORY CARE PRACTITIONERS FOR ALL POLICIES OF DISABILITY INSURANCE

2/11	INTRODUCED		
2/11	FIRST READING		
2/11	REFERRED TO HUMAN SERVICES & AGING		
2/15	HEARING		
2/22	MISSED TRANSMITTAL DEADLINE		
	DIED IN COMMITTEE		

HB 523 INTRODUCED BY MCKEE, ET AL.

GENERALLY REVISE THE MONTANA COMMUNITY SERVICE ACT

BY REQUEST OF THE GOVERNOR

2/11	INTRODUCED		
2/11	FIRST READING		
2/11	REFERRED TO STATE ADMINISTRATION		
2/13	FISCAL NOTE REQUESTED		
2/15	HEARING		
2/16	FISCAL NOTE RECEIVED		
2/16	FISCAL NOTE PRINTED		
2/23	MISSED TRANSMITTAL DEADLINE		
	DIED IN COMMITTEE		

HB 524 INTRODUCED BY MCKEE, ET AL.

REVISE POPULATION AND ECONOMIC WELL-BEING REQUIREMENTS TO QUALIFY AS A RESORT COMMUNITY

2/11	INTRODUCED		
2/11	FIRST READING		
2/11	REFERRED TO TAXATION		
2/13	FISCAL NOTE REQUESTED		
2/17	FISCAL NOTE RECEIVED		
2/18	FISCAL NOTE PRINTED		
2/21	HEARING		
3/02	COMMITTEE REPORT--BILL PASSED AS AMENDED		
3/04	TAKEN FROM 2ND READING AND		
	REREFERRED TO TAXATION		
3/08	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/10	2ND READING PASSED	54	45
3/11	3RD READING PASSED	57	38
	TRANSMITTED TO SENATE		
3/13	FIRST READING		
3/13	REFERRED TO TAXATION		
3/17	HEARING		
4/05	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/07	2ND READING CONCURRED	26	21
4/08	3RD READING CONCURRED	27	23
	RETURNED TO HOUSE WITH AMENDMENTS		
4/10	2ND READING AMENDMENTS CONCURRED	65	34
4/11	3RD READING AMENDMENTS NOT CONCURRED	44	50
4/12	RECONSIDERED PREVIOUS ACTION AND		
	PLACED BACK ON 3RD READING	64	31
4/12	3RD READING AMENDMENTS CONCURRED	59	33
4/13	SIGNED BY SPEAKER		
4/18	SIGNED BY PRESIDENT		
4/18	TRANSMITTED TO GOVERNOR		
4/26	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 554		
	EFFECTIVE DATE: 04/26/95		

House BILL NO. 524

INTRODUCED BY Jeanette McKee Fish Stang Tanzy Clark Klampe Murdock Bixby Ream Ellen Kallyn Gutsche

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE POPULATION AND ECONOMIC WELL-BEING REQUIREMENTS TO QUALIFY AS A RESORT COMMUNITY; AMENDING SECTION 7-6-4461, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-4461, MCA, is amended to read:

"**7-6-4461. Resort tax -- definitions.** As used in 7-6-4461 through 7-6-4469, the following definitions apply:

(1) "Luxuries" means any gift item, luxury item, or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved, medicine, medical supplies and services, appliances, hardware supplies and tools, or any necessities of life.

(2) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.

(3) "Medicine" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications.

(4) "Resort area" means an area that:

(a) is an unincorporated area and is a defined contiguous geographic area;

(b) has a population of less than 2,500 according to the most recent federal census or federal estimate;

(c) derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the area for purposes not related to their income production; and

(d) has been designated by the department of commerce as a resort area prior to its establishment by the county commissioners as provided in 7-6-4468.

(5) "Resort community" means a community that:

(a) is an incorporated municipality;

(b) has a population of less than ~~2,500~~ 5,500 according to the most recent federal census or federal estimate;

(c) derives ~~the~~ a major or secondary portion of its economic well-being related to current employment from businesses catering to the recreational and personal needs of persons traveling to or through the municipality for purposes not related to their income production; and

(d) has been designated by the department of commerce as a resort community."

NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0524, as introduced

SCRIPTION OF PROPOSED LEGISLATION:
act revising the population and economic well-being requirements to qualify as a resort
mmunity; and providing an immediate effective date.

SUMPTIONS:
A community with a population of less than 5,500 would qualify as a "resort community".
A resort community must derive a major or secondary portion of its economic well-being related to current employment from businesses catering to the recreational and personal needs of persons traveling to or through the municipality for purposes not related to their income production.
The proposed bill does not change the rate or distribution of the current lodging facility use tax.

TATE FISCAL IMPACT:
one.

FFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
Communities meeting the definition of a resort community and adopting a local resort tax would realize an increase in revenues.

Dave Lewis 2-17-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Jeanette S. McKee 2/16/95
JEANETTE MCKEE, PRIMARY SPONSOR DATE

Fiscal Note for HB0524, as introduced

HB 524

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL DATE 2/21/95

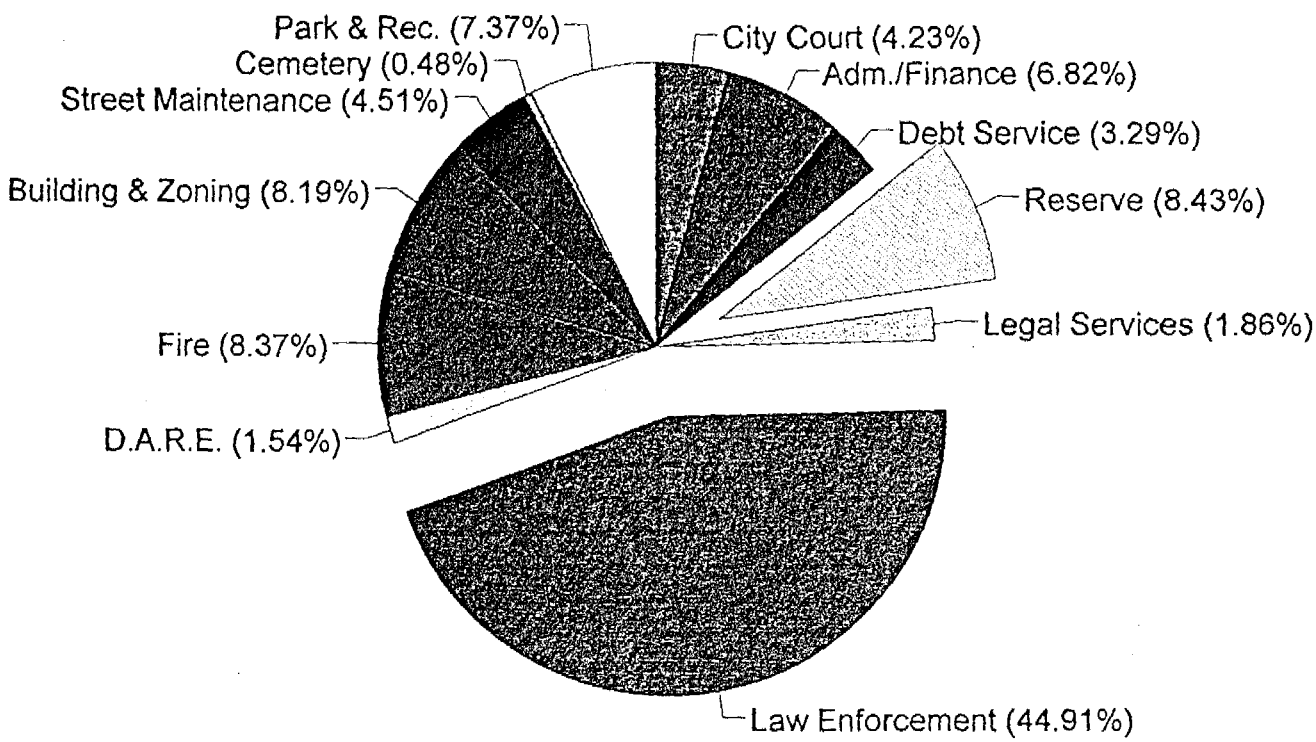
NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs		✓	
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		

EXHIBIT 3
DATE 2/21/95
HB 524

CITY OF WHITEFISH

General Expenditures

Total GF: $1,965488



CITY OF WHITEFISH

General Revenues

Total GF: $1,965,488

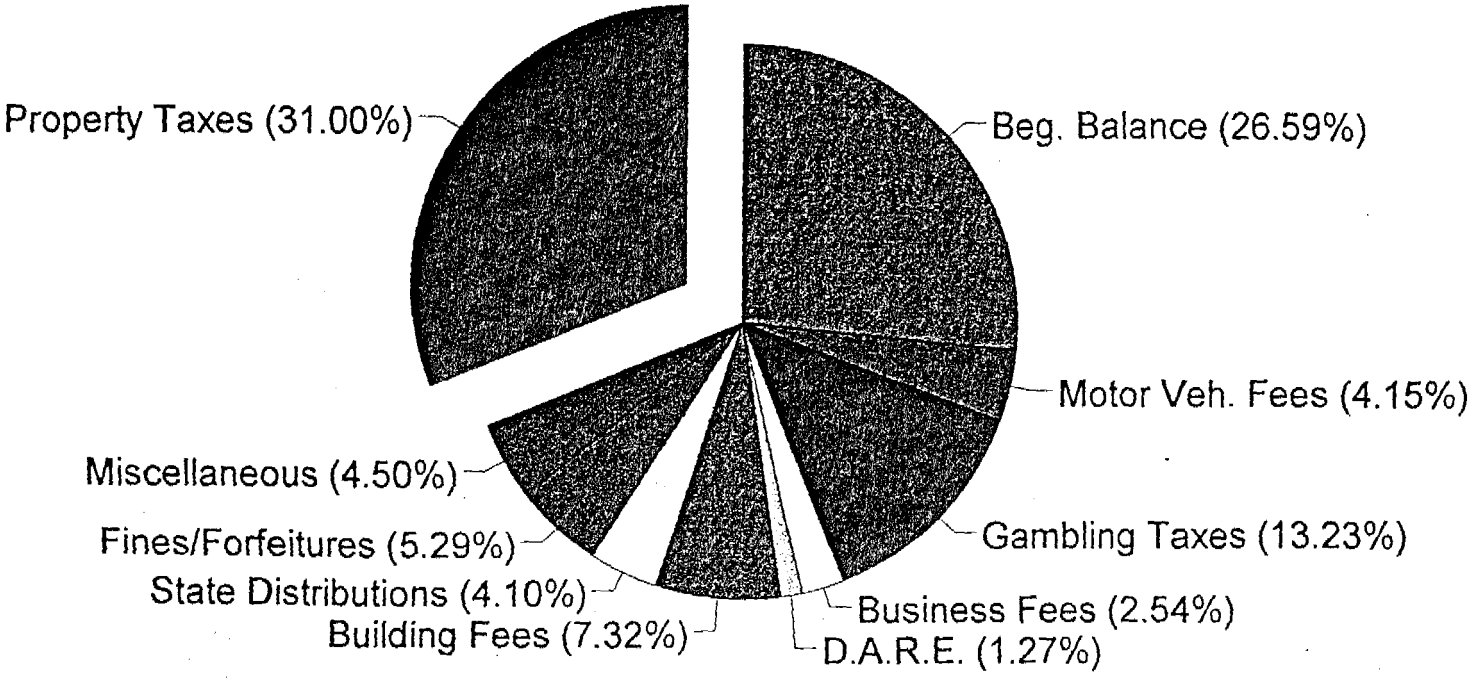


EXHIBIT 4
DATE 2/21/95
HB 524

WHITEFISH POLICE DEPARTMENT

131 Baker Ave.
Whitefish, Montana 59937
(406) 862-2521
FAX (406) 862-3099

Chief William J. La

February 20, 1995

The Honorable Bob Raney
House Taxation Committee
Capitol Station
Helena, MT 59620-1706

RE: House Bill 524, To Revise Resort Community, Population and Economic Well Being Requirements.

Dear Representative Hibbard and Committee Members,

As Chief of Police for the City of Whitefish, I would like to address House Bill 524, the Bill to revise Resort Community, Population and Economic Well Being Requirements.

To further introduce myself, I have been a Police Officer for twenty-five years, twenty of which was with the Los Angeles Police Department. I am President of the Montana Association of Chief's of Police, I am Vice-Chairman of the Joint Advisory Law Enforcement Committee at the Montana Law Enforcement Academy. I was appointed by Governor Racicot to his Advisory Committee on Corrections and Criminal Justice, and I was appointed by Attorney General Mazurek to his Advisory Committee on Law Enforcement. I also take great pride in stating that I was born and raised in Whitefish, living there for well over 30 years. I received part of my higher education both at the University of Montana at Missoula, and at Carroll College.

Whitefish desperately needs your support and the passage of House Bill 524. The problems faced by the City of Whitefish are unlike those of any other City or Town of comparable size in the State of Montana. Whitefish sits in the very scenic surroundings on the North end of the Flathead Valley. Whitefish is the home of the Big Mountain Ski and Summer Resort. The City borders the beautiful Whitefish Lake. Whitefish has the first thirty-six hole golf course in the State. Whitefish is located approximately twenty-five miles West of the West Entrance to Glacier National Park, and all traffic entering the United States from the Roosville Border Crossing that continues South on U.S. 93, must travel through Whitefish.

The 1990 census reported the size of Whitefish to be 4,368.

In Whitefish there are approximately 700 motel rooms available, and on a yearly basis, 60% of these rooms, approximately 420, are occupied on any given night. The average occupancy is 2.1 persons per room, or roughly 882 visitors that stay each night in Whitefish.

Currently the Rocky Mountain Motel/Convention Center with 76 rooms is under construction. Plans to continue the expansion of the Whitefish Lake Lodge/Convention Center are still being considered. Plans for a Motel/Recreational Facility referred to as Riverside at Whitefish, are still being worked on, and recently Montana Capital Partners, Inc., (Kinnikinnik Resort), proposed building another golf course and a 275 unit hotel on the North side of Whitefish.

Once again Glacier National Park set a new attendance record with well over 2,000,000 visitors during a four month time period. A great number of these visitors come to Whitefish to golf, to tour, to shop, to stay while they are visiting the area, or just to check out the area for future trips.

The U.S. Immigration and Naturalization Service registered well over 400,000 visitors that crossed the Border at the Roosville Crossing, North of Eureka. Most of these individuals came through Whitefish.

The Big Mountain Ski and Summer Resort is expecting almost 300,000 visitors again this year, and their expansion continues. Many of the approximately 1200 nightly residents in the facilities come into Whitefish for the evening relaxation and recreation.

Whitefish has in fact become the Hub City of Tourism in the Flathead, if not the State. This is due in part to the great job done by the Bureau of Tourism. One doesn't spend much time in a large city in this nation without seeing or hearing a paper, a magazine, a radio or television commercial about Montana, the "Last Best Place" to visit. Last year Whitefish again received world wide attention at the Winter Olympic Games, when a former resident, Tommy Moe won a Gold Medal. Whitefish and Big Mountain were seen on T.V. by hundreds of millions of viewers.

The Whitefish business community welcomes these visitors and the business they bring, not only to Whitefish, but to the Flathead Valley and the State of Montana. There are, however, problems. The problem that concerns me, is the negative impact generated by these vast numbers of people on the Whitefish Police Department.

The work load being forced on a small Department of only 12 Officers, (Chief and Detective included), is reaching critical mass. The 1993 Annual Crime Report prepared by the Montana Board

of Crime Control reports that Whitefish has earned the dubious distinction of having the third highest Crime Rate in the State, following Kalispell and Great Falls respectively. One should note that West Yellowstone, another major tourist town is fourth.

Although the Crime Rate indicates that there are serious problems, the Police Department can also take pride in reporting that it is doing a great deal of work to control and correct those problems. Arrests continue to climb. In 1994 Whitefish Officers arrested 65 individuals for Felony Crimes, (not including drug violations), and 60 individuals for Drug Violations. Total Arrests in 1994 numbered 600.

Whitefish is in it's third year of having a D.A.R.E. Program which has been very well received, and we are proud to say that not one individual that has graduated from the D.A.R.E. Program has ever come into our system as an arrestee.

The Whitefish Police Department has solved 46% of the reported Auto Thefts, 50% of the reported Burglaries, 76% of the reported Assaults, 98% of the reported Drug Cases, 92% of the reported Sex Crimes, 97% of the reported Domestic Abuse Cases, and 100% of the reported Attempted Murders. Whitefish Police also responded to and investigated 138 Traffic Accidents. Whitefish Police also dispatch and assist the Whitefish Volunteer Fire Department and Ambulance with their 600 calls for service. Whitefish Police also respond to mutual aid calls from the Flathead County Sheriff and the Montana Highway Patrol.

This increasing work load not only has a negative affect on the Staff, but also has a very negative and expensive impact on equipment.

The Whitefish Police Department should be expanding it's personnel to meet the needs of this Community and the people that visit this Community. There are many times that the work load is so great, that calls for service cannot be answered in what I refer to as a timely manner. Work load is such that Officers are having to work more and more overtime. Our Felony cases are becoming more involved, causing much more in-depth investigations. As arrests increase, so does the amount of time spent in Court.

Most recently, the Whitefish Winter Carnival generated enough work load that it was necessary to request the assistance of twenty-seven Flathead County Sheriff's Posse members to assist the eight Whitefish Police Officers just to maintain Crowd and Traffic Control at the Annual Parade. That night, five Sheriff's Posse Members assisted nine Whitefish Officers with the crowds visiting the downtown area. This visual presence by Law Enforcement

EXHIBIT 4
2-21-95
HB 524

resulted in minimal problems, and great appreciation by many in attendance, for the trouble free environment for these events.

The equipment is becoming very tired and costly to repair. Two of the three Patrol Vehicles have in excess of 100,000 miles. Our one four wheel drive vehicle has over 70,000 miles. All of the radar units in the these vehicles are in excess of 8 years old and can no longer be repaired by anyone including the manufacturer. Our Computer System which works twenty-four hours a day, seven days a week, fifty-two weeks a year, like everything else in a Police Department is also approaching the time to be both upgraded or replaced. Equipment has a habit of wearing out just from being worked constantly.

Everything, personnel and equipment, is very expensive. Officers need training, both basic and advanced. Each Officer should be sent to some sort of In-Service training at least once if not twice a year. Support personnel, our Dispatchers/Office Staff, also need yearly training and the proper equipment to perform their Mission.

The number of visitors that are attracted to this Community are causing changes that are not pleasant. We are starting to see serious personality changes of the community itself. Tempers are short. We have responded to traffic accidents where physical altercations are in progress upon our arrival. We have witnessed an increase in assaults, thefts, domestic abuse, much of which centers around the use of alcohol and drugs. Many of our arrestees are visitors to our Community. The local residents are blaming the negative attitudes, the deterioration of roads and the increased costs of Service, such as the Police Department, on this influx of tourists to Whitefish.

The Whitefish Police Department, as with all Departments across this Nation, is charged with the responsibility of keeping the peace; the recovery of stolen property; and the investigation, the identification, the arrest and the assisting in the prosecution of those responsible for committing criminal acts. To accomplish this mission, the Whitefish Police Department needs the fiscal resources to hire an adequate number of Officers, to continue with the Training of all current and future Staff, and the purchase of necessary support equipment.

The Whitefish Police Department gravely needs your support with the passage of this Bill. The few dollars received from each of the hundreds of thousands of tourists that visit Whitefish will be of great financial assistance in making this Community a better and safer place for all.

I pray that you will support House Bill 524, and I will make myself available for any questions regarding this bill as it pertains to the Whitefish Police Department that you might have.

Thank you for your time and assistance.

Sincerely,

William J. La Brie
Whitefish Police Department

cc: Committee Members:
Representative Marian Hanson, Vice-Chair
Representative Peggy Arnott
Representative John Bohlinger
Representative Jim Elliot
Representative Daniel Fuchs
Representative Hal Harper
Representative Rick Jore
Representative Judy Rice Murdock
Representative Tom Nelson
Representative Scott Orr
Representative Bob Raney
Representative Bob Ream
Representative John "Sam" Rose
Representative Bill Ryan
Representative Roger Somerville
Representative Robert Story Jr.
Representative Emily Swanson
Representative Jack Wells
Representative Ken Wennemar

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

House Taxation COMMITTEE BILL NO. HB524

DATE 2-21-95 SPONSOR(S) Rep Jeanette McKee

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Don Spivey	Self	524		✓
Jan B. Metzmaker	Whitefish County Water + Sewer District	524		✓
Chet Hope - 444 Odden Whitefish	Self	524		✓
DAVID STEWART PO BX 2098 Whitefish	Whitefish Community Development Corp.			✓
ANDY FEURY BOX 1506 WHITEFISH	CITY OF WHITEFISH Councilman	524		✓
Jim Welch 345 Shady Ln WF	MAYOR WF	524		✓
Phelps L'Hommedieu WF 706 Karrow	W.F. TAVERNS	524		✓
LINDSAY ALLEY	W.F. / Self.	524		✓
Mona Jamison	City of Whitefish	524		✓
Donna Braddock	W.F. / Self	524		✓
Tim Crabtree	WF Self	524		✓
Corey Bayton	WF Self	524		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

she was representing also were small producers, many of which are operating at the borderline.

REP. ELLIOTT asked if it was correct that the funds for plugging wells does not come out of the Board's administrative budget. **Mr. Richmond** said they have a special fund called the production damage mitigation account which is the emergency plugging account and it has a biennial $50,000 appropriation from RIT interest and they also put bond forfeiture money into this account which currently has a balance of $150,000. **REP. ELLIOTT** again asked if any of the operating budget was used for plugging wells. **Mr. Richmond** said it was not. The only other source of income they have to plug wells is from participation in the DNRC grant program which uses RIT funds. **REP. ELLIOTT** said an operator producing 500 barrels a month at $12 would realize $72,000 a year and this bill would mean a tax increase of $72. **Mr. Richmond** said that was correct.

Closing by Sponsor:

REP. DEVANEY said the Board of Oil and Gas Conservation is responsible for monitoring every oil and gas well drilled in the State of Montana throughout the life of the well. To actually accomplish this, someone must be at the site.

{Tape: 2; Side: A.}

He said he was aware of situations where operators performed work on weekends or holidays, because they knew there would be no inspectors around. The industry likes to have the regulation because it assures that their employees are playing by the rules. It absolves the companies of liability if the state inspector is on the site. The owners like the regulation because it protects their interests and production records are accurately kept so they receive the proper royalty payments. They also want to be assured that pollution is controlled. The Board provides an important service for the mineral owners, the oil industry and the State of Montana; therefore, he urged a do pass recommendation on this bill.

HEARING ON HB 524

Opening Statement by Sponsor:

REP. JEANETTE McKEE, House District 36, Hamilton, said that when she thinks of resort areas in Montana, she thinks of West Yellowstone, Big Sky and Whitefish. The resort area law is already in place; however, the criteria for designation is so restrictive that Whitefish has been unable to qualify as a resort community. The reason is that criteria for designation specifies that the major portion of the community's economic well-being must be derived from employment related to tourism. In the case of Whitefish, retirement was computed as the major source of

economic well-being. House Bill 524 loosens the criteria to adjust the population requirement from 2,500 to 5,500 and amends the existing statutory language so that tourism can also be the secondary source of economic well-being. These changes would allow Whitefish to qualify as a resort community.

Proponents' Testimony:

Jim Welsh, Mayor, Whitefish, explained why it is important for Whitefish to have a resort tax. He provided copies of graphs illustrating the community's revenues and expenditures. EXHIBIT 3. **Mr. Welsh** said the streets of Whitefish are the laughing stock of everyone in the State of Montana. They would like to be the "flagship" tourist town of Montana. The tourists are coming to Montana and what happens is that they bring their problems with them. The 4,300 residents of Whitefish are trying to support the infrastructure, but a large portion of their revenue must go to law enforcement instead. The people of Whitefish feel that they have done a good job of managing their resources; however, in another five years there will be no beginning balance for them to work with. He asked the Committee for a favorable decision on HB 524.

Phelps L'Hommedieu, Owner of the Palace Bar, Whitefish, said fully supports HB 524. As a tavern owner, he is dependent on tourists and will be responsible for collecting the tax and this will not be a problem. He said the City of Whitefish needs the tax to keep the community in good shape so the tourists will want to return. **Mr. L'Hommedieu** also presented testimony on behalf of the owner of the Great Northern Bar and Grill in support of the bill.

Dan Spivey, Vice President of the Whitefish Planning Board, spoke in favor of the bill. He said they do the best job they can to provide infrastructure funds to the community to take care of the necessary services. In spite of all their effort, they can't get it all done because of the tourists who enjoy the community and consume resources. As owner of a bed and breakfast establishment, **Mr. Spivey** said he had asked his customers what they thought about the condition of the community and what they thought of paying tax in addition to the bed tax. They said they didn't care about the increase in taxes but they would like to see improvement of the streets and infrastructure that would make visiting the area more enjoyable. He asked the Committee to give Whitefish a chance to fix the problems.

Andy Feury, Whitefish City Council, expressed his strong support for HB 524. He said Whitefish has long been know as the "Holiday Village," because it has the largest ski area in the state, great golfing, and is only 22 miles from Glacier Park. Many of the people visiting the area stay in Whitefish and they have 100% hotel occupancy during the summer months. However, they find themselves in the unique situation of not qualifying as a resort

community because the designation is based on population and primary sources of income. He encouraged passage of the bill.

Jan Metzmaker, Vice President, Whitefish County Water and Sewer District, rose in support of the bill primarily because it would help Whitefish address their problems. She said that on the previous weekend, 6,000 skiers were using the Big Mountain ski area and this amount of traffic, together with the lack of stormwater drainage, is ruining the roads. She said the Water and Sewer District has plans for the Whitefish Lake drainage and they consistently require that developers provide stormwater drainage plans, but they cannot require a developer to hook up a system nor can they expect the developer to foot the bill for constructing an entire system. They feel that their water quality is being affected by excessive amounts of sediment and heavy metals and chemicals that are being washed into the river and lake. Whitefish Lake is essential to the economy of the area and is a source of the town's water and must be protected. Stormwater is also raising havoc with the sewage treatment facility. The city does not have the revenue to implement a system now and HB 524 would assist greatly.

Tim Gratte, Owner of Grouse Mountain Lodge, Whitefish, appeared before the Committee as a proponent of HB 524 because the legislation would obviously offer a solution to fix what has become broken by the influx of tourists. They need a mechanism to maintain the infrastructure they do have. He said they have been assured by the city that this will be a broad based tax and will be applied fairly. He urged the Committee's favorable support.

Lindsay Akey, citizen of Whitefish, said that Whitefish has two natural resources -- tourism and potholes. They would like to use one to cure the other. Big Mountain, their neighbor to the north, measures its visitors in thousands, and their neighbor to the east, Glacier Park, measures its visitors by the millions, and with this come many problems. He distributed copies of a letter from William LaBrie, Whitefish Police Department Chief. EXHIBIT 4. The letter emphasizes the impact on the police department of millions of people passing through Whitefish on an annual basis. Whitefish has the third highest crime rate in the state. **Mr. Akey** asked the Committee to give Whitefish the ability to control its destiny and fix the major problems that exist.

Donna Maddux, Whitefish resident and teacher, said that 4,300 residents are trying to take care of the infrastructure of Whitefish and it is becoming a heavy burden. The visitors coming to the area expect "up-scale" and they are frequently critical of the roads and other services. She said they are only asking for the right to go to the community and ask them if they want the tax to relieve some of the burden. She said she would appreciate the Committee's support.

Chet Hope, Whitefish resident, presented two letters of support for the bill. EXHIBIT 5. He referred to a questionnaire in which 80% of the 830 respondents agreed that the roads were the biggest problem. He said he represented the average Whitefish citizen and there is overwhelming support in the community for HB 524 because it would give them the opportunity to decide for themselves whether they want the resort tax.

{Tape: 2; Side: B.}

David Stewart, President, Whitefish Community Development Corporation, said he represented a group of thirty businessmen and women who are interested in improving things in Whitefish. He said the members of the organization, as well as other citizens of Whitefish, recognize that as they become more of a tourism community, their tax dollars are being diverted. They realize that the tax will affect everyone in Whitefish, as well as the tourists, and they are willing to accept that. He said there are no other solutions for the problems the city faces and he urged the Committee to vote in favor of the bill.

Greg Bryan, Whitefish hotel owner, said that Whitefish is impacted by a variety of types of travelers they are creating a problem of infrastructure disrepair for the community. Federal and state revenue sources are diminishing and another source of revenue must be found. He said he supports the legislation because it is broad-based and will not affect only the lodging industry.

Mona Jamison, representing the City of Whitefish, said that she hoped that the parade of support shown so far demonstrates the broad-based community support for this bill. The collectors of the tax and the payers of the tax have all been supportive and it is rare to get that kind of support on anything. If Whitefish can't qualify under the existing statutory language as a resort community, something is broke and needs to be fixed. Whitefish is certainly representative of a resort community and, if the statute doesn't allow them to present the issue to the voters, the statute needs to be changed. **Ms. Jamison** said the bill would change the criteria so that Whitefish could be designated by the Department of Commerce as a resort community. The next step for the town council would be to put the tax up for a vote. The people residing in the area would then vote on the issue. There are strong indications that the tax would pass. The town council would form an advisory council composed of various citizens and interests who would develop the broad-based structure of the tax. Under the existing statute, the tax can only be imposed on luxuries as defined in the statute. The local ordinance would clarify what the luxuries are. The process has worked in other resort areas. **Ms. Jamison** explained that Whitefish is in a unique situation, with a population of 4,300, and in close proximity to popular tourist areas. The tourist impact is severe [illegible] and other infrastructure. This bill [illegible] Whitefish to pay a

tax on luxuries. The bill benefits not only Whitefish because it would also provide additional revenue for the county and the state. She asked the Committee to support Whitefish with this legislation.

Opponents' Testimony:

Mark Staples, Montana Tavern Association, said he reluctantly opposed the bill. Historically, the Tavern Association and the hospitality industry in general have been opponents to local option taxes because they are the industry paying the tax. This bill does go a long way toward broadening the base. He said that not all the tavern owners in Whitefish support this bill but those not supporting it are in the minority. **Mr. Staples** said he did not think that Whitefish was the only community in Montana with a population under 5,500 that had tourist impacts. He suggested that the Committee look very carefully at the language in the bill. He said he would like to work closely with the proponents of the bill to tighten the language.

Questions From Committee Members and Responses:

REP. BOHLINGER asked why the tavern owners would not support this bill, recognizing the need for repair of the infrastructure. **Mr. Staples** said the Tavern Association is in favor of a public vote if the prices are laid out in front of them. It is not just the hospitality industry and the retail industry that benefits from tourism and thus they should not be the only ones looking at taxation to cover the impact from tourism. If there is a vote, and it does cover all luxury items and the tax is broad based rather than narrowly based, they would support the bill.

REP. SOMERVILLE asked how they established the population cap at 5,500. **Ms. Jamison** said she started with the base population, then called the Census Bureau who determined that the growth rate was 3% per year for the county. They tried to keep the population expansion as low as possible so it would not open it wide up to many communities, but would still allow the people of Whitefish to take advantage of the legislation. As a follow up question, **REP. SOMERVILLE** asked how many communities would fit the description. **Ms. Jamison** said she did not know but there were quite a few; however, very few would come close to claiming that they were a resort community. **REP. SOMERVILLE** asked if there would be any objection to raising the population cap. **Ms. Jamison** said if it would help the bill pass, it would be great, but the bill was designed to meet the unique problems existing at Whitefish.

{Tape: 3; Side: A.}

REP. ELLIOTT asked if the items to be taxed would appear on the ballot. **Ms. Jamison** said the proposal to impose a resort tax not to exceed 3% would appear on the ballot together with what the tax could be used for and must reflect the language in the

statute. If the proposal passes, the administrative ordinances must go through two public hearings and must be very specific on what the tax will be imposed on. **REP. ELLIOTT** asked if the public would be aware of what would be taxed prior to the election. **Ms. Jamison** said that to a certain degree they would; however, an advisory committee will be named by the mayor to provide input as to what will be included in the administrative ordinance. **REP. ELLIOTT** said he had some concern that using the language "a secondary" in determining economic well-being might be too broad. **Ms. Jamison** said she had no objection to changing the language to "the secondary." She explained that the reasons they used the word "secondary" was because the primary income in Whitefish is retirement income. If "employment income" were used, the city would also qualify as a resort community. **REP. ELLIOTT** asked how much it would cost to repair the streets of Whitefish. **Mayor Welch** said the present estimate is $12.5 million.

REP. REAM suggested that perhaps the language should be "primary" rather than "major" source of income if that was what was intended. **Ms. Jamison** said she would agree to the change; however, she indicated that the intent was to keep the language as close as possible to the existing resort area language so as not to broaden the scope of the bill but would allow Whitefish to qualify.

REP. RANEY said he did not like the bill because it caused competition between communities and a lot of other communities would like to have the same ability to tax. In his mind, it represents "piecemeal" taxation. **Ms. Jamison** suggested that perhaps the Committee would like to sponsor a general local option sales tax.

REP. STORY asked how many other communities might qualify under the proposed legislation. Without objection, **Matt Cohen, Department of Commerce, Travel Division,** replied that the communities of Red Lodge, Gardiner and Hamilton, might qualify.

REP. STORY asked if the there had been any attempts at annexation and, if so, how that might affect the population. **Mr. Spivey** said an attempt was being made to annex a commercial district and it would not affect the population.

REP. BOHLINGER asked Mr. Staples if he had visited West Yellowstone before and after they adopted the sales tax, and, if so, how the tavern owners had felt about the tax. **Mr. Staples** emphasized that the Montana Tavern Association opposes a general local option sales tax. He said the sales tax has been a benefit to the tavern owners in West Yellowstone. His objection to the bill is that it would set indefinite parameters with indefinite language.

REP. HARPER said he has opposed statewide local option taxes but [illegible] because it has been limited to exceptional

circumstances. He asked if there had been any property tax relief in the communities that presently have a local option tax in place. **Ms. Jamison** said no information was available for Big Sky and she did not have the information for West Yellowstone, but she would obtain it.

{Tape: 3; Side: B.}

REP. ARNOTT asked how Whitefish had benefited from the bed tax. **Mayor Welsh** replied that the bed tax had done its job very well and the people keep coming to Big Mountain and Glacier Park. The down side is that the same people come to Whitefish to sleep and party, causing law enforcement problems and infrastructure impacts.

REP. ELLIOTT asked if Whitefish had considered any other options for financing bonds to fix the streets and sewer. **Mayor Welsh** advised that Whitefish is the smallest town in Montana with its own charter, an urban renewal plan, and tax increment financing districts. He said they had examined the possibility of financing the street repair but it would totally negate the whole idea behind tax increment financing.

REP. REAM said he understood that property tax relief was not the real issue behind this legislation. **Mayor Welsh** said that was not correct as they would like to get the property tax down so residents who had lived in Whitefish for many years could stay. The bill says that 5% must go for property tax relief and he would like to see that figure pushed higher.

REP. REAM asked what would happen if the population, through natural growth or annexation, went beyond 5,500. **Ms. Jamison** explained that the ballot must contain the length of time the tax will be in effect. If, at the end of that time period, the population has expanded beyond 5,500, the community would not qualify to present another proposal to implement a local sales tax.

CHAIRMAN HIBBARD asked what assurances could be given that communities such as Townsend or Martinsdale would not apply for this tax. **Ms. Jamison** said she could not speak for other communities, but the answer was obvious because Townsend is not looked at as a resort community in the same light as Whitefish. **CHAIRMAN HIBBARD** asked what assurances could be given that the tax would be broad-based. **Ms. Jamison** said the statutes say that any business that sells a luxury must collect the tax and this language assures that it will be a broad-based tax.

Closing by Sponsor:

REP. MCKEE advised that there would be an amendment to the bill to clarify the "primary" and "secondary" language and there would also be a discussion with Mr. Staples relative to his concerns. She said one of the reasons for the bill is that the tax

structure in Montana is not fair and Western Montana, in particular, is seeing huge tax increases. Montana has 400 incorporated towns and only eleven had populations in excess of 5,000; however, most of them would be excluded because tourism would not be the primary or secondary source of economic well-being. She emphasized that the law is already in place and there is total local control because the citizens can vote for or against the tax. Whitefish really needs the help because the municipal tax base is not large enough to support its infrastructure needs which have been impacted by tourism. She noted that on weekends the law enforcement agency must deal with approximately 30,000 people. She asked the Committee to seriously consider a do pass action on the bill.

{Tape: 4; Side: A.}

EXECUTIVE ACTION ON HB 90

Motion:

REP. ELLIOTT MOVED THAT HB 90 DO PASS.

Motion/Vote:

REP. ELLIOTT MOVED THAT THE CONTINGENT VOIDNESS AMENDMENT TO HB 90 DO PASS. The motion passed unanimously.

Discussion:

Mr. Heiman said it would be necessary to add coordination language to reflect that whatever action is taken on HB 90 will coordinate with HB 412, the general revision of the oil and gas tax.

Motion/Vote:

REP. REAM MOVED THAT THE COORDINATION AMENDMENT BE ADOPTED. The motion passed unanimously.

Motion:

REP. ELLIOTT MOVED THAT HB 90 AS AMENDED DO PASS.

Discussion:

REP. RANEY said he did not agree with the figures -- three barrels and $30 -- in the bill. He said the testimony given indicated that the problem was with the operators producing one and a half to two barrels because at three barrels there was some profit.

REP. HANSON said she was under the impression that the bill would put the operators back to where they were before the gulf war.

HEARING ON HB 572

Opening Statement by Sponsor:

REP. DAN HARRINGTON, House District 38, Butte, said HB 572 is another economic development bill. It would extend the time an economic development levy is effective from five years to six years. Since elections are held every two years, it would not be necessary to hold a special election when the five-year period expires.

Proponents' Testimony:

Rody Holman, Economic Development Officer, Butte-Silverbow, spoke in favor of HB 572. The bill would save the taxpayers the expense of a special election and allow economic development organizations an opportunity to focus on their job rather than lobbying local governments and taxpayers to try to pass a levy. He also presented written testimony from the Montana Economic Developers Association in support of the bill. EXHIBIT 5.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. STORY asked why the sponsor chose to extend the period to six years rather than reduce it to four years. **REP. HARRINGTON** said there is a cost to running elections and, after six years, if the people don't want to support the levy, they can vote it down.

Closing by Sponsor:

REP. HARRINGTON said he hoped the Committee would give this bill a do pass recommendation.

EXECUTIVE ACTION ON HB 524

Motion:

REP. BOHLINGER MOVED THAT HB 524 DO PASS.

Discussion:

Mr. Heiman advised that there were amendments to the bill. EXHIBIT 6. He said the amendment would strike "major" and insert "primary" which would tighten up the provision on economic well-being. The amendment also coordinates the bill with the privatization of liquor stores bill. **Mr. Heiman** explained that the amendments were the result of questions asked and points brought out during the hearing.

REP. ELLIOTT asked if there might be a possibility that a bar pays a tax when it buys liquor from a distributor and then charge a sales tax when it is resold by the drink. **Mr. Heiman** said that, under the new bill, the bar receives an 8% discount when it buys from an agency store. The tax would apply to retail sales and the purchase from the agency liquor store would be a wholesale purchase.

REP. RANEY asked if the definition of secondary source of economic well-being had been determined.

REP. ELLIOTT said that was a valid point but it would be up to the Department of Revenue to determine that.

REP. REAM said that shouldn't be a problem because secondary means "second in line."

REP. ELLIOTT said the problem with the language is that it says "the primary or a secondary" which implies a secondary could be one of any number of secondary sources of economic well-being.

{Tape: 2; Side: B.}

Motion\Vote:

REP. REAM MOVED TO AMEND THE AMENDMENT TO SPECIFY "THE SECONDARY" IN PLACE OF "A SECONDARY." On a voice vote, the motion passed unanimously.

Vote:

On a voice vote, the amendments, as amended, were adopted unanimously.

Motion:

REP. BOHLINGER MOVED THAT HB 524 AS AMENDED DO PASS.

Discussion:

REP. BOHLINGER said he recalled the testimony from proponents indicating that a community of 4,300 is providing accommodations for 30,000 people and their ability to provide for infrastructure maintenance is not possible. He noted that the significant portion of the town's budget is used for police and fire protection and they are unable to maintain their streets and water systems. What is being proposed is a local option tax and it would be up to the community to decide what was in its best interests. He said the Legislature should provide them the opportunity to vote on the issue.

REP. SWANSON said there is no doubt that Whitefish has a legitimate problem. The larger question should be asked about taxation in general regarding this type of tax. She read an

article from the *Missoulian* which was in favor of the bill but criticized the fact that the legislation would allow only a few communities the right to tax themselves. She said she would ask the Committee to consider seriously whether the permission to tax should be given out to one community at a time.

REP. STORY said he had no objection to helping Whitefish. He said that if the economic well-being was related to employment, a lot of communities would qualify. He said he also had concern about "piecemeal" taxation.

REP. SOMERVILLE said he strongly supported the bill.

REP. BOHLINGER said that even though other communities might qualify, they may not necessarily vote for the tax. He used Red Lodge, which turned the tax down, as an example. There is no assurance that Whitefish will vote for the tax.

REP. HARPER said he had always been opposed to local option taxes but he would support this bill. He said he also believed that if there was ever to be a state-wide sales tax, this would be the only one that would have a chance. He said that for him to say he would not vote for the bill because it would not offer the same opportunity to other communities would be shortsighted. He said the Committee could, if it so desired, prepare a committee bill that would provide for a statewide local option tax, but it would not be fair to jeopardize the Whitefish bill. He said this is an enabling bill, not a tax bill.

REP. ARNOTT said she was a supporter of local control and for that reason would support the bill.

REP. WELLS said it was hard to compare West Yellowstone with Whitefish because West Yellowstone is isolated from other communities and the people voted for the tax knowing there was no place else to go. He thought some of the local businesspeople might get hurt.

REP. REAM said that when the original bill was passed, it was the people in business who supported the bill. He said people all over the state are complaining about property tax and this is a mechanism where the Legislature can allow communities to reduce property tax by transferring costs to people passing through who use the services. He said tourism has become the secondary industry for all of Montana and every possible mechanism should be used to tax them. **REP. REAM** said he thought every community in the state should have the same option. He said he would support a committee bill.

REP. ELLIOTT noted that the only opposition to the bill was offered by an individual who lived in Helena.

REP. FUCHS advised that he had prepared amendments to HB 470 to allow for a general local option sales tax if the Committee was interested in introducing a bill.

{Tape: 3; Side: A.}

REP. RANEY said it was not fair to give one or two communities an opportunity that many other communities need. He noted that the infrastructure in Livingston, where tourism would probably be considered the secondary industry, is just as bad as it is in Whitefish, yet they would not qualify because of the population cap.

REP. HARPER said he could sympathize with Rep. Raney and was prepared to see a bill brought before the Committee that would address the problem of other communities; however, he said the bill under consideration is a small act of kindness for Whitefish who did all the work to bring the bill to the Legislature.

CHAIRMAN HIBBARD said he would support the bill, in spite of the fact that he had served on the Montana Tax Reform Coalition that worked hard toward property tax relief through a sales tax. He said he had also been opposed to local option sales taxes because they are unfair and detract from the effort to put in place a statewide tax reform plan. **CHAIRMAN HIBBARD** said the reason he supports this bill is that it simply liberalizes an existing statute. He said it was important to remember that the community must be designated a "resort area" by the Department of Commerce.

Vote:

On a roll call vote, the motion passed 16 - 4.

* * * * *

REP. SWANSON said she would volunteer to serve on a sub-committee to discuss a local option tax to be brought before the Committee to determine if there would be enough interest to introduce a committee bill. **REP. SOMERVILLE, REP. HARPER** and **REP. FUCHS** were also named as sub-committee members. **REP. SOMERVILLE** was appointed chairman.

Motion:

REP. HARPER moved that the sub-committee draft a bill for a local option tax.

Discussion:

REP. ELLIOTT said he would support the motion. However, he suggested that the type of tax should be determined by the community so it could be either a sales tax or an income tax.

REP. RYAN said he would not want to harm the Whitefish bill by introducing broader legislation.

REP. NELSON said that in addressing the sales tax portion of the bill, it should be he responsibility of the community to identify the items to be taxed.

REP. REAM said he did not think a bill for a local income tax would pass. He recommend that the tax should be a luxury tax, along the same lines as the resort area local option tax.

REP. ELLIOTT pointed out that the Legislature has done nothing to help local communities that are in need of financial help.

REP. REAM said there would be fear on the part of the Republicans that there would be local option income tax and fears on the part of Democrats that there would be a general local option sales tax. The luxury tax is something that is "in between" and would be paid in part by out-of-state people to assist local taxing jurisdictions to offset property tax.

REP. ELLIOTT agreed that this would be the only way to tax tourists.

REP. FUCHS said the bill should be directed toward tourism and relief for Montanans. The focus should be on a luxury tax.

REP. STORY said the sub-committee might also consider the option of pulling the cities out from under I-105 and allowing the voters to vote for increases in property tax or caps on mills or whatever they wanted to do.

REP. HARPER WITHDREW HIS MOTION.

REP. ELLIOTT said it would be possible to amend the Kitzenberg bill. He explained that this discussion was the most interesting, important and rational discussion he had ever participated in on general taxation. He pointed out that it was very rare for a committee to agree that there was a problem and a willingness to work together to find a solution. **REP. ELLIOTT** suggested that the sub-committee allow all Taxation Committee members to attend its meetings to provide direction.

CHAIRMAN HIBBARD asked the sub-committee to narrow the scope of the bill and allow Committee members to attend to provide input into the bill. He asked the sub-committee to report back no later than Wednesday, March 8.

EXECUTIVE ACTION ON HB 561

Motion:

REP. ROSE MOVED THAT HB 561 DO PASS.

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL DATE March 2, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		

HOUSE STANDING COMMITTEE REPORT

March 2, 1995

Mr. Speaker: We, the committee on **Taxation** report that **House Bill 524** (first reading copy -- white) **do pass as amended.**

Signed: _____
Chase Hibbard, Chair

And, that such amendments read:

1. Title, line 5.
Following: "COMMUNITY;"
Insert: "PROVIDING A CONTINGENT AMENDMENT TO AUTHORIZE TAXATION OF LIQUOR SALES FROM AGENCY LIQUOR STORES;"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "7-6-4461"
Insert: "AND 7-6-4463"

2. Title, line 6.
Strike: "AN IMMEDIATE"
Strike: "DATE"
Insert: "DATES"

3. Page 2, line 3.
Strike: "a major"
Insert: "the primary"
Following: "or"
Insert: "the"

Committee Vote:
Yes 16, No 4.

4. Page 2, line 7.
Insert: "NEW SECTION. **Section 2. Coordination instruction.** If House Bill No. 574 is passed and approved, then 7-6-4463 is amended to read:

"**7-6-4463. Limit on resort tax rate -- goods and services subject to tax.** (1) The rate of the resort tax must be established by the election petition or resolution provided for in 7-6-4464, but the rate may not exceed 3%.

(2) (a) The resort tax is a tax on the retail value of all goods and services sold within the resort community or area by the following establishments:

(i) hotels, motels, and other lodging or camping facilities;

(ii) restaurants, fast food stores, and other food service establishments;

(iii) taverns, bars, night clubs, lounges, agency liquor stores, and other public establishments that ~~serve~~ sell beer, wine, liquor, or other alcoholic beverages ~~by the drink~~; and

(iv) destination ski resorts and other destination recreational facilities.

(b) Establishments that sell luxuries ~~must~~ shall collect a tax on such luxuries.""
Renumber: subsequent section

5. Page 2, line 8.
Strike: "date"
Insert: "dates"
Strike: "[This act] is"
Insert: "(1) [Section 1] and this section are"

6. Page 2, line 9.
Insert: "(2) [Section 2] is effective July 1, 1995."

-END-

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/2/95 BILL NO. 524 NUMBER ____

MOTION: _____

_____

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Hairman Bob Ream	✓	
Rep. Peggy Arnott	✓	
Rep. John Bohlinger	✓	
Rep. Jim Elliott		✓
Rep. Daniel Fuchs	✓	
Rep. Hal Harper	✓	
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr		✓
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan		✓
Rep. Roger Somerville	✓	
Rep. Robert Story	✓	
Rep. Emily Swanson	✓	
Rep. Jack Wells	✓	~~✓~~
Rep. Ken Wennemar	✓	
Chairman Chase Hibbard	✓	

16 4

EXHIBIT 6
DATE 3/2/95
HB 524

Amendments to House Bill No. 524
First Reading Copy

For the Committee on Taxation

Prepared by Lee Heiman
February 27, 1995

1. Title, line 5.
Following: "COMMUNITY;"
Insert: "PROVIDING A CONTINGENT AMENDMENT TO AUTHORIZE TAXATION OF LIQUOR SALES FROM AGENCY LIQUOR STORES;"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "7-6-4461"
Insert: "AND 7-6-4463"

2. Title, line 6.
Strike: "AN IMMEDIATE"
Strike: "DATE"
Insert: "DATES"

3. Page 2, line 3.
Strike: "a major"
Insert: "the primary"

4. Page 2, line 7.
Insert: "NEW SECTION. **Section 2. Coordination instruction.** If House Bill No. 574 is passed and approved, then 7-6-4463 is amended to read:

"**7-6-4463. Limit on resort tax rate -- goods and services subject to tax.** (1) The rate of the resort tax must be established by the election petition or resolution provided for in 7-6-4464, but the rate may not exceed 3%.

(2) (a) The resort tax is a tax on the retail value of all goods and services sold within the resort community or area by the following establishments:

(i) hotels, motels, and other lodging or camping facilities;

(ii) restaurants, fast food stores, and other food service establishments;

(iii) taverns, bars, night clubs, lounges, agency liquor stores, and other public establishments that ~~serve~~ sell beer, wine, liquor, or other alcoholic beverages ~~by the drink~~; and

(iv) destination ski resorts and other destination recreational facilities.

(b) Establishments that sell luxuries ~~must~~ shall collect a tax on such luxuries.""
Renumber: subsequent section

5. Page 2, line 8.
Strike: "date"
Insert: "dates"
Strike: "[This act] is"
Insert: "(1) [Section 1] and this section are"

6. Page 2, line 9.
Insert: "(2) [Section 2] is effective July 1, 1995."

Jim Kembel, City of Billings, went on record in opposition to the bill.

Mike Volesky, Montana Association of Conservation Districts, declared opposition to the bill.

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. GAGE asked **SEN. HARP** if **SEN. KEATING'S** bill passes and the taxing jurisdictions do pass voted levies how much shift of tax burden will there be. **SEN. HARP** asked **SEN. GAGE** if he was talking about Class A property. **SEN. GAGE** answered, "Yes". **SEN. HARP** stated Class A property will have an overall reduction of 40%. He stated there will be a shift to Class 4 property, even if this bill doesn't pass. **SEN. HARP** remarked he is trying to respond to a real need and there will be one or two losers, however, the real losers, if we don't do anything is the taxpayers. He said if the public had a right to vote on this today there would be overwhelming support for this bill.

Closing by Sponsor:

SEN. HARP addressed **Mr. Morris** commenting he needs to look at the bill a little more. He informed him the bill allows a second reappraisal. **SEN. HARP** said the schools are concerned with transportation and retirement, which aren't huge dollar amounts, and he will look at those areas in the bill.

HEARING ON HB 524

Opening Statement by Sponsor:

REP. JEANETTE MCKEE, HD 60, Hamilton, stated resort area and community law is already in place, yet the criteria in the law is so restrictive that the community of Whitefish is unable to be designated a resort community. She explained the criteria in current legislation relating to economic well being specifies the major portion of a community's economic well being has to be related to current employment. **REP. MCKEE** acknowledged in Whitefish's case, retirement was computed as it's primary source of economic well being. She stated HB 524 will adjust the population upward from 2,500 to 5,500 amending existing statutory language so that if tourism is a community's primary or secondary source of economic well being a town like Whitefish can qualify.

Proponents' Testimony:

Andy Feury, Member of Whitefish City Council and Deputy Mayor, expressed strong support for HB 524. He commented he is

proposing only minor amendments to existing legislation which will allow resort taxation to operate in the spirit it was originally intended.

Phelps L'Hommedieu, Owner of the Palace Bar, stated the streets desperately need fixing. He reported that $12 million is needed to repair all the streets in Whitefish. He urged passage of this bill.

Dale A. Ennor, City Manager, presented a graph prepared by his wife at no cost to the taxpayers. **EXHIBIT 14.** He acknowledged Whitefish has summer and winter activities which put tremendous strain on local services and explained the fiscal restraints on the City of Whitefish.

William J. La Brie, Police Chief, City of Whitefish, submitted written testimony. **EXHIBIT 15.**

Doug Rommereim, Owner, Great Northern Bar, stated he is willing to pay a tax that goes to his town because the town needs it.

Jan Metzmaker, President, Whitefish Water and Sewer District, presented pictures for the records. **EXHIBIT 16.**

Donna Mattix, County Superintendent of Schools, Flathead County, acknowledged a real crying need for adequate streets. She stated the proponents here today are asking the committee for the opportunity to ask their own people to pay the tax.

Adi Vongontard remarked he is a proponent of a local option tax. He urged support for HB 524.

Greg Bryan, Bay Point Estates, reported the hotel owners support this legislation. He stated this tax will be broad based and fair and it provides a sunset allowing the community to know how long the tax will be enacted.

Lin Akey, Vice Chairman, Hospital Board, presented a letter from **W.E. Schreiber, Attorney, EXHIBIT 17;** and a letter from
{Tape: 2; Side: A.}
Kenneth E. S. Platou, Chief Executive Officer, North Valley Hospital, EXHIBIT 18. Mr. Akey stated he is asking the committee to give the Whitefish residents the opportunity to solve their own problems in their own community.

Mona Jamison, Lobbyist for the City of Whitefish, stressed the proponents here today are asking for the opportunity to let everyone in the City of Whitefish vote as to whether or not they want to impose this tax. She urged support for this legislation.

The following letters in support of HB 524 were received:

William E. Hileman, Jr., submitted written testimony. **EXHIBIT 19.**

Michael Colins, President, Whitefish Area Chamber of Commerce, submitted written testimony. **EXHIBIT 20.**

David D. Stewart, President, Whitefish Community Development Corporation, submitted written testimony. **EXHIBIT 21.**

Bob Rocchi, Provident Financial, submitted written testimony. **EXHIBIT 22.**

Jane Solberg submitted written testimony. **EXHIBIT 23.**

Dave Jamison, Chairman, Whitefish Board of Adjustments, submitted written testimony. **EXHIBIT 24.**

Opponents' Testimony:

Kent Frampton, commented this legislation isn't a broad based tax, it is a vote of the people to tax a small portion of the businesses. He stated this isn't a resort tax, it is a selective sales tax that will not be uniformly shared by all the residents in the businesses of Whitefish. **Mr. Frampton** said the dollars to be raised is a short term fix for a long term problem.

Clyde Jarvis, Montanan's Opposing Sales Taxes, stated if the sponsor has been quoted correctly in the news media, this is the first step toward a widespread sales tax, therefore, we stand in opposition. He said this is a direct affront to those who voted no on the sales tax and certainly to the retirees who live in Whitefish. He urged a do not pass on this bill.

Colleen McKay, Best Bet Casino, said she has received approximately 25 FAX'S from people living in Whitefish who are opposed to the resort tax. She urged a "no" vote on HB 524.

Dan Skiles, Whitefish Businessowner, reported the problems in Whitefish didn't appear over night and a band aid tax on the locals is not the cure.

45 letters in opposition to HB 524 were received and have been made a part of this record. **EXHIBIT 25.**

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. FOSTER asked **Mr. Ennor** on the average pothole how much does it cost to fix. **Mr. Ennor** said the problem in Whitefish is the streets were built decades ago and they were put down on clay. He stated what the city uses is a very expensive coal mix. **SEN. FOSTER** commented the city doesn't have just potholes, it has street problems.

SEN. FOSTER commented the committee has been flooded with letters from the residents in Whitefish and the consensus is the residents are against this bill. He stated the businesses and the users of the tax dollars are for this bill. **SEN. FOSTER** stated the Montana Codes say someone can give money to the city requesting it be used for street repairs. He asked **Mr. Rommereim** what stops him as a businessman from raising his drink prices by 5¢ and taking the money and giving it to the City of Whitefish to fix the potholes. **Mr. Rommereim** said the residents are in this together as a community. He stated the proponents are asking for a vote of the people. **Mr. Rommereim** acknowledged he could give the money to the city, however, he doesn't feel just the bars should pay for the street repairs.

SEN. STANG asked **Ms. Jamison** why the language "resort community" wasn't inserted on Page 1, Lines 27 and 28. **Ms. Jamison** acknowledged she was told that the more changes that are made to this law the more opposition there would be. She commented we were told to keep it as narrow as possible to focus on the unique, separate and different problems of Whitefish, there would be more support. **SEN. STANG** asked **Ms. Jamison** about the ballot language referring to pop and drinks being mentioned on the ballot when St. Regis voted on a local option tax. **Ms. Jamison** commented under the law, ballots can only contain 100 words and pop and drinks were not mentioned in the language of the ballot.

SEN. ECK questioned **Mr. Ennor** in regard to needing $12 million in street repairs. She commented the city would have to bond to do that. She asked **Mr. Ennor** if there would be anyway establishments could donate a sum of money and sell bonds on the basis of using donations to pay the bonds off. **Mr. Ennor** said he wasn't sure if the city would bond. He said according to the volume of revenue they could try to do some work each summer.

Closing by Sponsor:

REP. MCKEE declared HB 524 is about an existing statute already in place in the State of Montana. She stated it has been approved for West Yellowstone, Big Sky, St. Regis, and Red Lodge. She acknowledged the people of Red Lodge voted it down. **REP. MCKEE** said she doesn't see a community in the State of Montana that is more community and resort orientated than the community of Whitefish. She announced the people deserve the opportunity to vote on this issue. She acknowledged a luxury tax is broad based and stressed the proposed taxable items will be listed and published.

EXECUTIVE ACTION ON SB 414

Motion: **SEN. FOSTER MOVED DO PASS ON SB 414.**

Discussion: **Mr. Martin** presented amendments to SB 414 (sb041401.ajm). **EXHIBIT 26.**

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL DATE March 17, 1995

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
DELWYN GAGE	✓		
LORENTS GROSFIELD	✓		
JOHN HARP	✓		
DOROTHY ECK	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG			✓
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

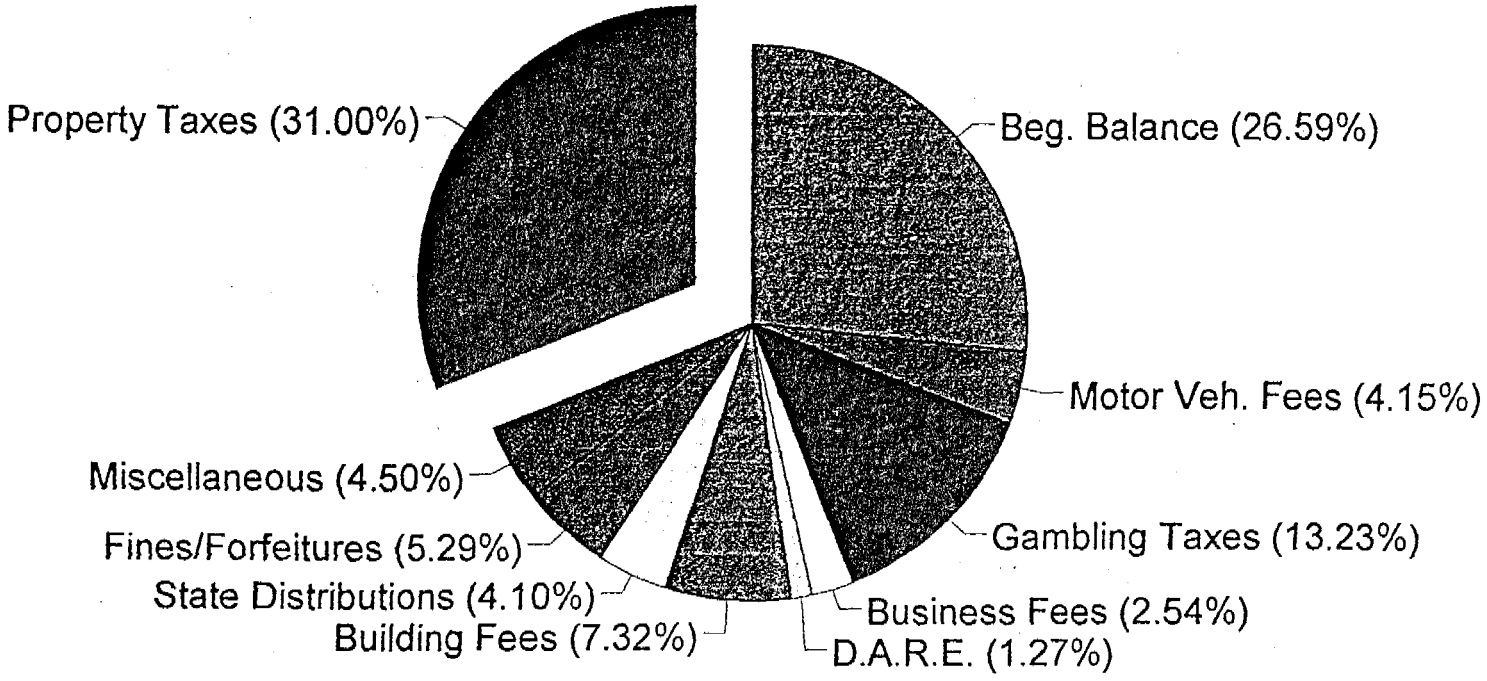
SEN:1995
wp.rollcall.man
CS-09

DATE March 17, 1995
EXHIBIT NO. 14
BILL NO. HB 524

CITY OF WHITEFISH

General Revenues

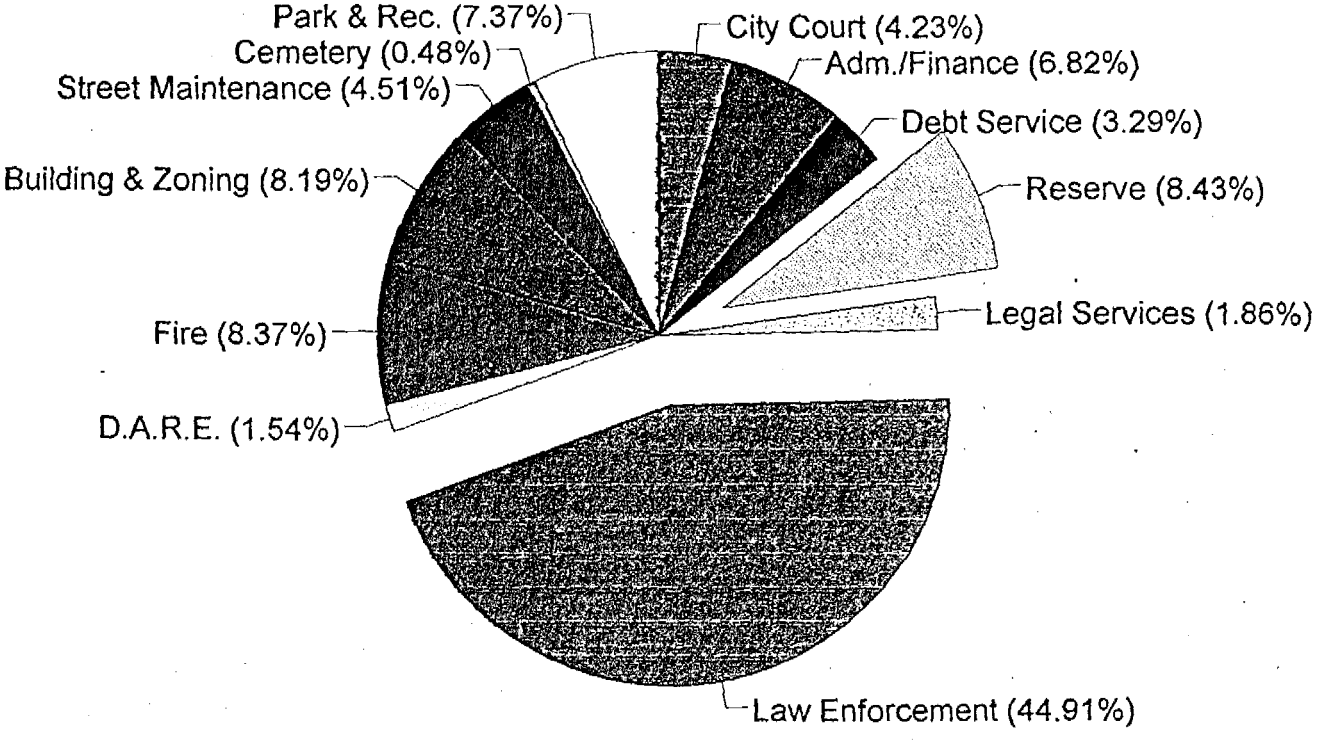
Total GF: $1,965,488



CITY OF WHITEFISH

General Expenditures

Total GF: $1,965,488



SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 15
BILL NO. HB 524

WHITEFISH POLICE DEPARTMENT

131 Baker Ave.
Whitefish, Montana 59937
(406) 862-2521
FAX (406) 862-3099

Chief William J. LaBrie

March 15, 1995

Senator Gerry Devlin, Chairman
Montana Senate Committee on Taxation
54th Montana Legislative Assembly
Helena, Montana 59601

RE: House Bill 524, To Revise Resort Community, Population and Economic Well Being Requirements.

Dear Senator Devlin,

As Chief of Police for the City of Whitefish, I would like to address House Bill 524, the Bill to revise Resort Community, Population and Economic Well Being Requirements.

To further introduce myself, I have been a Police Officer for twenty-five years, twenty of which was with the Los Angeles Police Department. I am President of the Montana Association of Chief's of Police, I am Vice-Chairman of the Joint Advisory Law Enforcement Committee at the Montana Law Enforcement Academy. I was appointed by Governor Racicot to his Advisory Committee on Corrections and Criminal Justice, and I was appointed by Attorney General Mazurek to his Advisory Committee on Law Enforcement. I also take great pride in stating that I was born and raised in Whitefish, living there for well over 30 years. I received part of my higher education both at the University of Montana at Missoula, and at Carroll College.

Whitefish desperately needs your support and the passage of House Bill 524. The problems faced by the City of Whitefish are unlike those of any other City or Town of comparable size in the State of Montana. Whitefish sits in the very scenic surroundings on the North end of the Flathead Valley. Whitefish is the home of the Big Mountain Ski and Summer Resort. The City borders the beautiful Whitefish Lake. Whitefish has the first thirty-six hole golf course in the State. Whitefish is located approximately twenty-five miles West of the West Entrance to Glacier National Park, and all traffic entering the United States from the Roosville Border Crossing that continues South on U.S. 93, must travel through Whitefish.

The 1990 census reported the size of Whitefish to be 4,368.

In Whitefish there are approximately 700 motel rooms available, and on a yearly basis, 60% of these rooms, approximately 420, are occupied on any given night. The average occupancy is 2.1 persons per room, or roughly 882 visitors that stay each night in Whitefish.

Currently the Rocky Mountain Motel/Convention Center with 76 rooms is under construction. Plans to continue the expansion of the Whitefish Lake Lodge/Convention Center are still being considered. Plans for a Motel/Recreational Facility referred to as Riverside at Whitefish, are still being worked on, and recently Montana Capital Partners, Inc., (Kinnikinnik Resort), proposed building another golf course and a 275 unit hotel on the North side of Whitefish.

Once again Glacier National Park set a new attendance record with well over 2,000,000 visitors during a four month time period. A great number of these visitors come to Whitefish to golf, to tour, to shop, to stay while they are visiting the area, or just to check out the area for future trips.

The U.S. Immigration and Naturalization Service registered well over 400,000 visitors that crossed the Border at the Roosville Crossing, North of Eureka. Most of these individuals came through Whitefish.

The Big Mountain Ski and Summer Resort is expecting almost 300,000 visitors again this year, and their expansion continues. Many of the approximately 1200 nightly residents in the facilities come into Whitefish for the evening relaxation and recreation.

Whitefish has in fact become the Hub City of Tourism in the Flathead, if not the State. This is due in part to the great job done by the Bureau of Tourism. One doesn't spend much time in a large city in this nation without seeing or hearing a paper, a magazine, a radio or television commercial about Montana, the "Last Best Place" to visit. Last year Whitefish again received world wide attention at the Winter Olympic Games, when a former resident, Tommy Moe won a Gold Medal. Whitefish and Big Mountain were seen on T.V. by hundreds of millions of viewers.

The Whitefish business community welcomes these visitors and the business they bring, not only to Whitefish, but to the Flathead Valley and the State of Montana. There are, however, problems. The problem that concerns me, is the negative impact generated by these vast numbers of people on the Whitefish Police Department.

The work load being forced on a small Department of only 12 Officers, (Chief and Detective included), is reaching critical mass. The 1993 Annual Crime Report prepared by the Montana Board

EXHIBIT 15
DATE 3-17-95
HB 524

of Crime Control reports that Whitefish has earned the dubious distinction of having the third highest Crime Rate in the State, following Kalispell and Great Falls respectively. One should note that West Yellowstone, another major tourist town is fourth.

Although the Crime Rate indicates that there are serious problems, the Police Department can also take pride in reporting that it is doing a great deal of work to control and correct those problems. Arrests continue to climb. In 1994 Whitefish Officers arrested 65 individuals for Felony Crimes, (not including drug violations), and 60 individuals for Drug Violations. Total Arrests in 1994 numbered 600.

Whitefish is in it's third year of having a D.A.R.E. Program which has been very well received, and we are proud to say that not one individual that has graduated from the D.A.R.E. Program has ever come into our system as an arrestee.

The Whitefish Police Department has solved 46% of the reported Auto Thefts, 50% of the reported Burglaries, 76% of the reported Assaults, 98% of the reported Drug Cases, 92% of the reported Sex Crimes, 97% of the reported Domestic Abuse Cases, and 100% of the reported Attempted Murders. Whitefish Police also responded to and investigated 138 Traffic Accidents. Whitefish Police also dispatch and assist the Whitefish Volunteer Fire Department and Ambulance with their 600 calls for service. Whitefish Police also respond to mutual aid calls from the Flathead County Sheriff and the Montana Highway Patrol.

This increasing work load not only has a negative affect on the Staff, but also has a very negative and expensive impact on equipment.

The Whitefish Police Department should be expanding it's personnel to meet the needs of this Community and the people that visit this Community. There are many times that the work load is so great, that calls for service cannot be answered in what I refer to as a timely manner. Work load is such that Officers are having to work more and more overtime. Our Felony cases are becoming more involved, causing much more in-depth investigations. As arrests increase, so does the amount of time spent in Court.

Most recently, the Whitefish Winter Carnival generated enough work load that it was necessary to request the assistance of twenty-seven Flathead County Sheriff's Posse members to assist the eight Whitefish Police Officers just to maintain Crowd and Traffic Control at the Annual Parade. That night, five Sheriff's Posse Members assisted nine Whitefish Officers with the crowds visiting the downtown area. This visual presence by Law Enforcement

resulted in minimal problems, and great appreciation by many in attendance, for the trouble free environment for these events.

The equipment is becoming very tired and costly to repair. Two of the three Patrol Vehicles have in excess of 100,000 miles. Our one four wheel drive vehicle has over 70,000 miles. All of the radar units in the these vehicles are in excess of 8 years old and can no longer be repaired by anyone including the manufacturer. Our Computer System which works twenty-four hours a day, seven days a week, fifty-two weeks a year, like everything else in a Police Department is also approaching the time to be both upgraded or replaced. Equipment has a habit of wearing out just from being worked constantly.

Everything, personnel and equipment, is very expensive. Officers need training, both basic and advanced. Each Officer should be sent to some sort of In-Service training at least once if not twice a year. Support personnel, our Dispatchers/Office Staff, also need yearly training and the proper equipment to perform their Mission.

The number of visitors that are attracted to this Community are causing changes that are not pleasant. We are starting to see serious personality changes of the community itself. Tempers are short. We have responded to traffic accidents where physical altercations are in progress upon our arrival. We have witnessed an increase in assaults, thefts, domestic abuse, much of which centers around the use of alcohol and drugs. Many of our arrestees are visitors to our Community. The local residents are blaming the negative attitudes, the deterioration of roads and the increased costs of Service, such as the Police Department, on this influx of tourists to Whitefish.

The Whitefish Police Department, as with all Departments across this Nation, is charged with the responsibility of keeping the peace; the recovery of stolen property; and the investigation, the identification, the arrest and the assisting in the prosecution of those responsible for committing criminal acts. To accomplish this mission, the Whitefish Police Department needs the fiscal resources to hire an adequate number of Officers, to continue with the Training of all current and future Staff, and the purchase of necessary support equipment.

The Whitefish Police Department gravely needs your support with the passage of this Bill. The few dollars received from each of the hundreds of thousands of tourists that visit Whitefish will be of great financial assistance in making this Community a better and safer place for all.

EXHIBIT 15
DATE 3-17-95
HB 524

I pray that you will support House Bill 524, and I will make myself available for any questions regarding this bill as it pertains to the Whitefish Police Department that you might have.

Thank you for your time and assistance.

Sincerely,

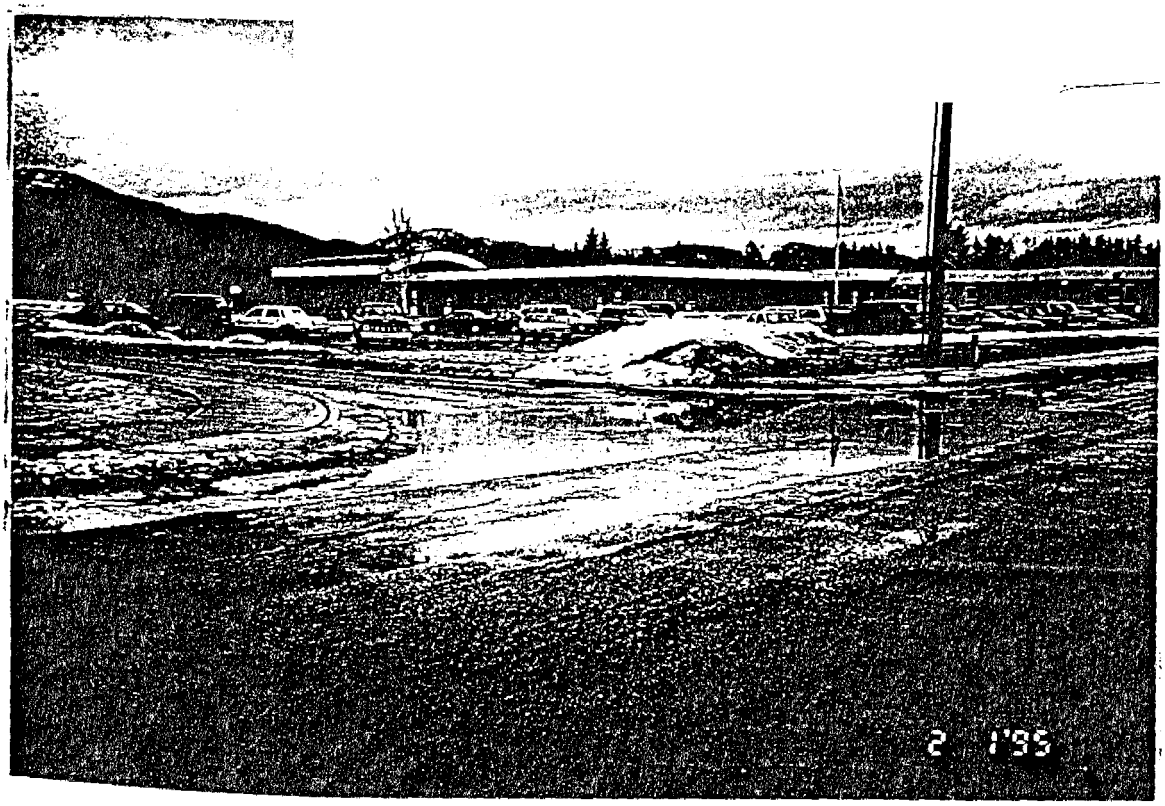
William J. La Brie

William J. La Brie
Whitefish Police Department

Similar letter sent to: Senator Mike Foster, Vice-Chairman
Senator Mack Cole
Senator Delwyn Gage
Senator Lorents Grosfield
Senator John Harp
Senator Dorothy Eck
Senator Barry Stang
Senator Fred Van Valkenburg

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 16
BILL NO. HB 524

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.



W. E. SCHREIBER
ATTORNEY AT LAW
P. O. BOX 1174
WHITEFISH, MONTANA 59937
406 862-4614

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 17
BILL NO. SB 524

March 15, 1995

Dear Senator:

Something must be done for small communities like Whitefish where the cost of law enforcement is 30% greater than is collected in property taxes. There also must be funds available for the building repair and maintenance of the streets, sidewalks, sewer and water systems. We must have an alternative to continued raises in property taxes.

Please consider altering the resort tax presently in existence to accommodate small communities such as Whitefish.

Thank you for your time and I would greatly appreciate the support.

Sincerely,

W.E. Schreiber
Attorney at Law

WES/kr

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 18
BILL NO. SB 524

NORTH VALLEY HOSPITAL

WHITEFISH, MONTANA 59937

March 16, 1995

Senator Fred VanValkenburg
Capitol Station
Helena, MT 59620

Dear Senator VanValkenburg:

I respectfully offer this letter for your consideration in addressing allocation of resources for the improvement of our road systems. I am the Administrator of North Valley Hospital in Whitefish. We are responsible for providing health care to individuals in need in our community. At the risk of being melodramatic our roads are jeopardizing our ability to fulfill that obligation. For example, the road that approaches our Emergency Department has deteriorated to the point that it is now physically impossible to drive it without hitting at least a few significant potholes. Our ambulance drivers, patients and families have each expressed to me their concern that the jostling patients receive approaching our hospital is very uncomfortable if not harmful to the patients.

We need your help. Potholes and deteriorated roads are no longer a joke around here. This is a serious issue that warrants your serious consideration. Thank you for all your dedicated work.

Sincerely,

Kenneth E. S. Platou
Chief Executive Officer

kjh

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 19
BILL NO. HB524

HEDMAN, HILEMAN & LACOSTA

ATTORNEYS AT LAW
204 Central Avenue
Whitefish, Montana 59937-2662

Fax (406) 862-1140
Telephone (406) 862-2528

DONALD E. (GENE) HEDMAN
WILLIAM E. HILEMAN, JR.
SUSAN M. LACOSTA
TIMOTHY A. COOPER

LEO FISHER
OF COUNSEL

March 16, 1995

Senator John Harp
Montana State Capitol
Capitol Station
Helena, MT 59620

HAND DELIVERED

RE: Resort Tax

Dear John,

I am writing to enlist your support for the future of Whitefish. Tourism is a key element of our economy, but places a heavy burden upon law enforcement, streets, sidewalks and other basic infrastructure. We must have an alternative to continued raises in property taxes.

Please consider amending the existing codes to accommodate small communities such as Whitefish. I hope you will support legislation to allow Whitefish residents to vote on this issue.

Thank you for your cooperation and consideration in this matter.

Very truly yours,

HEDMAN, HILEMAN & LACOSTA

William E. Hileman, Jr.

WEH/jm

P.S. Sounds like you are having another busy session. Keep up the good work!!!

WHITEFISH
AREA CHAMBER OF COMMERCE
BN DEPOT SUITE 303
PO BOX 1120
WHITEFISH, MT 59937-1120 · PHONE 862-3501
FAX 862-9494

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 20
BILL NO. HB 524

September 14, 1993

To: Honorable Senator Gerry Devlin

At its September 9th meeting, the Whitefish Chamber of Commerce, Board of Directors agreed to support the Resort Tax Committee, chaired by Jim Welsh in their efforts to amend and broaden the population limits in the current Resort Tax Law.

This endorsement is strictly for support of the Resort Tax Committee's efforts to amend and broaden the law, and is not to be construed as support for implementation of a resort tax for the City of Whitefish.

Were the law to change then Whitefish could consider institution a resort tax, and the Chamber of Commerce would then evaluate that proposal on its own merits.

Sincerely,

Michael Collins
President

Sincerely,

JoAnn Cate
Executive Director

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 21
BILL NO. HB 524

Whitefish Community Development Corporation

P.O. Box 1955
Whitefish, Montana 59937-1955
(406) 862-9064

March 15, 1995

The Honorable Gerry Devlin
Senate Taxation Committee
Capitol Station
Helena, MT 59620-1706

Dear Senator Devlin:

The Whitefish Community Development Corporation was founded in 1983 for the purpose of assisting local government and other groups or projects which will improve our community. Our membership consists of 30 men and women, most of whom are active in the business community.

The WCDC strongly urges you to pass enabling legislation to allow the citizens of Whitefish to vote on a resort tax.

We feel that this issue is of vital importance for the future of Whitefish. Tourism is a key element of our economy but absorbs an overly large amount of City funds, particularly for law enforcement. This results in the City having inadequate funds to maintain streets, sidewalks and other basic infrastructure. This is a huge problem and a constant source of complaints from locals and tourists alike.

In our view, the only solution to this problem is to seek help from the tourists who use the streets and other infrastructure as much as local citizens.

The members of the WCDC urge you to vote in favor of legislation to allow us to vote on this issue.

Sincerely,

David D. Stewart

David D. Stewart
President

DDS/rkh

Provident Financial

Investments that hold your interest.

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 22
BILL NO. HB 524

March 14, 1995

The Honorable Gerry Devlin
Senate Taxation Committee
Capitol Station
Helena, Mt. 59620

Dear Senator Devlin,

As a resident of the City of Whitefish, a community volunteer, and the owner of a local lending institution in the Flathead Valley I am writing seeking your support for HR 524, legislation which will enable the residents of the City of Whitefish to vote locally and control our destiny.

The streets and roads in Whitefish are in deplorable condition. Whitefish cannot continue using limited revenues to provide police and fire protection for its citizens and also maintain its infrastructure (streets, storm drains, etc.) without help. As a volunteer in the community it is my observation that a number of projects to enhance our community could go forward if the streets and roads, our infrastructure were improved. West Yellowstone is proof of what can be done, Whitefish could be another example.

Thank you for this opportunity to speak to you by mail. I hope the residents of our community have your support.

Sincerely,

Bob Rocchi

301 Main Street
P.O. Box 2900

Kalispell, Montana
59903

Tel: 406/756-1000
Fax: 406/756-1005

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 23
BILL NO. HB 524

March 14, 1995

Senator Gerry Devlin, Chairman
Montana State Capitol
Capitol Station
Helena, MT 59620

Dear Senator Devlin,

I am writing to voice my support for H. B. 524. This bill will allow the voters of Whitefish to locally determine whether to enact a resort tax on motels, restaurants, bars and some luxury items.

Our infrastructure is heavily impacted by tourism and a community of 4,550 people, most of whom are reportedly retired, cannot possibly maintain adequate streets, sidewalks, curbs, gutters, sewage disposal and law enforcement. On any given weekend or for that matter day, the local population may double with the influx of tourists. Our economy is highly dependent on these tourists but they are not paying their fair share. Out pot holes have gained their own reputation throughout the state and with our tourists. While the residential population has not significantly increased in recent years, the traffic flow into and out of the City has increased from 11,000 to 25,000 vehicles per day. Currently our property taxes, while high, are not adequate to provide moneys for the maintenance of our infrastructures or the increased law enforcement needs which are directly influenced by tourism. Better streets and an increased police force would benefit not only the locals but the tourists also.

As a retired but active member of this community and one who has direct knowledge of the benefits accrued to the City of West Yellowstone from their resort tax, I urge the Committee to rule favorably on H. B. 524. I feel that the local citizens of Whitefish should have a voice in the welfare of their community. We need help from the Legislature to enable us to determine what is the best means of handling the impacts of tourism. It is a fact that tourism in our community is on the upswing and our problems will only increase proportionately.

Thank you for your consideration.

Jane Solberg
Box 187
Whitefish, MT 59937

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 24
BILL NO. HB 524

16 March 1995

Subject: H.B. 524

To : Senator Gerry Devlin
Montana Senate Taxation Committee

Dear Senator Devlin:

Reference H.B. 524 currently before your committee.

With a nationally known ski resort at Big Mountain; large and scenic Whitefish Lake encircled with numerous homes, two state parks and three public beaches; nearby Glacier Nat'l Park; and many special events thru out the year; Whitefish has become the top year-round destination town in Montana for visitors.

This places unusual year-round loads, plus demands for quality, on our infrastructure and public services.

It is reasonable that visitors, as users, also contribute towards the cost of local facilities. It is therefore necessary and reasonable to target a resort tax so as to include businesses most used by visitors.

I therefore ask your favorable support for H.B. 524.

Sincerely,

Chairman
Whitefish Board Of Adjustments

SALOON & EATERY

THE PLACE

WHITEFISH, MONT.

SENATE TAXATION
DATE March 17, 1995
EXHIBIT NO. 25
BILL NO. HB 524

State Senators
Helena, MT

Senators: March 13, 1995

We are very alarmed and concerned about the recent push to impose a 3% resort tax in our community.

Why should the local citizen of Whitefish be penalized because the City has been deemed a resort? We feel that it is important to note that we live in the City of Whitefish rather than "THE RESORT OF WHITEFISH".

We reject the idea of having to pay an extra 3% tax for "so-called non-essential items". We agree that the roads in Whitefish need to be repaired but do not feel that a resort tax is the way to accomplish raising the capital to do so.

Please take our views into consideration when reviewing this proposed tax.

Sincerely,

Joanne Shelmerdine
Box 4149
Whitefish, MT 59937

David R. Hunt
960 Wisconsin #33
Whitefish, MT 59937

Cory Kelsey
648 Woodland Place #4
Whitefish MT. 59937

Britt Reed
Box 4149
Whitefish, MT. 59937

Anita Kephart
1489 Barkley Lane
Whitefish MT. 59937

Diana Motichka
P.O. Box 4624
Whitefish, MT.
59937

Heather Morgan
429 Geddes Ave
Whitefish, MT 599

Robin Grenier
320 Bragg
Columbia Falls

PAT EVANS
PO. BOX
WHITEFISH

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DATE March 17, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: HB 524 Rep. McKee
SB 420 Senator Lynch
SB 421 Senator Harp

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Oppose
Gordon Morris	MRC	SB421	■	X
Clyde Morris	MDT	HB524		✓
William J. LaBrie	Whitefish Police Chief	HB524	✓	
DALE A. ENNOR	City of Whitefish	HB524	✓	
Doug Rommerein	Whitefish	HB524	✓	
Kent Frampton	Whitefish	HB524		✓
Dan Skiles	Whitefish	HB524		✓
JAMES A. LOFFTUS	MT FIRE DIST ASSOC	SB421	■	✓
Colleen Mahoney	Best Bet Casino	HB524		✓
Jan Metzmaker	WF County Water + Sewer Dist	HB524	✓	
Phelps L'Hommedieu	Palace Bar - Whitefish	HB524	✓	
Andy Terry	City of Whitefish	HB524	—	
Lin Alke	MTN. BK WFSH	HB524	✓	
Ed VonGontard	Self	HB524	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

REGISTER.F10

DATE March 17, 1995

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: _____

_____

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Check One: Oppose
Rachel Vielleux	County Supt & Schools	421		↘
Robert White	Bozeman Chamber	420	✓	
Don Waldron	MREA	421		✓
Greg Boyer	Bay Point Estates	HB 524	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

REGISTER.F10

a lot of requests and suggestions the DOR received from taxpayers.

CHAIRMAN DEVLIN asked **Ms. Wittinghill** how long she has been working with the trucking industry on this issue. **Ms. Wittinghill** responded, "since the beginning of the session". **CHAIRMAN DEVLIN** asked why amendments were brought in today that the trucking association has not seen. **Ms. Wittinghill** stated the information couldn't be collected sooner due to SB 49 which was passed this session allowing for staggered registration of interstate motor vehicles.

SEN. FOSTER commented the information could have been collected sooner if the trucking association was included in the beginning. He further commented taxpayers should have been involved in the process. He declared more thought needs to go into this proposed change.

{Tape: 2; Side: A; Comments: Tape Turned.}

SEN. GROSFIELD questioned **Ms. Wittinghill** in regard to Page 4 of the handout appearing as though passenger cars in every category and every age are going up and trucks, vans and everybody else are going down why doesn't the fiscal note show higher revenue. **Ms. Wittinghill** stated the trucks on this handout don't include the heavy trucks, just the light passenger trucks. **SEN. GROSFIELD** questioned why the fiscal note doesn't reflect savings in the Assessor's Office due to a proposed one stop method simplification. **Ms. Wittinghill** responded due to HB 50 there was a loss of 45 FTE's and as a result of the number of consolidations which took place, performance statistics show the employees are operating under a strain of too much workload for too few employees.

Closing by Sponsor:

REP. SWANSON declared County Treasurer's throughout the state endorsed this concept and the bill. She professed this is a bill worth considering. She stated a lot of work has gone into it.

EXECUTIVE ACTION ON HB 565

Motion/Vote: **SEN. GAGE MOVED** amendments (hb056501.ajm) to HB 565. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: **SEN. GAGE MOVED HB 565 BE CONCURRED IN AS AMENDED. MOTION CARRIED 8 - 1 WITH SEN. HARP VOTING IN OPPOSITION.**

EXECUTIVE ACTION ON HB 524

Motion: **SEN. STANG MOVED AMENDMENTS TO HB 524** (hb052401.ajm).

Discussion: **SEN. FOSTER** questioned **SEN. STANG** in regard to a Canadian wanting to purchase liquor in an agency liquor store

will he pay a sales tax in accordance with the proposed amendments. **SEN. STANG** responded, "Yes".

SEN. GAGE asked **SEN. STANG** about the noticing requirements saying what the money will be used for. **SEN. STANG** answered the current law requires the notice to state what will be taxed. **SEN. STANG** referred to Page 2, Subsection (d).

CHAIRMAN DEVLIN asked **SEN. STANG** if a person goes into a state liquor store to purchase a bottle will he have to pay a luxury tax on that bottle. **SEN. STANG** under this bill a person off the street who purchases liquor will have to pay a tax.

Vote: **MOTION CARRIED 8 - 1 WITH SEN. DEVLIN VOTING IN OPPOSITION.**

Motion: **SEN. FOSTER MOVED TO AMEND HB 524 BY INSERTING A ZERO ONTO THE 55,000.00 NUMBER IN THE FISCAL NOTE.**

Discussion: **SEN. STANG** stated this bill will die with that amendment. He emphasized the importance of this bill passing explaining he has seen what the resort tax can do for a town.

CHAIRMAN DEVLIN said the bill has already been expanded considerably with talk of secondary rather than primary.

Vote: **MOTION FAILED 4 - 5** on roll call vote.

Motion: **SEN. VAN VALKENBURG MOVED AN AMENDMENT ON PAGE 2, LINE 6, STRIKE THE LANGUAGE "OR THE SECONDARY" FROM THE BILL.**

Discussion: **SEN. VAN VALKENBURG** commented the reason he is offering the amendment is because the addition of language making the tourism nature of the bill a secondary portion of the economic well being really undermines what was the reason the legislature originally gave the authority to resort communities to have this particular kind of tax. He explained the reason the authority was given was because the communities did not have a permanent tax base. He stated the communities had an influx in either the summer or the winter putting a drain on their services. **SEN. VAN VALKENBURG** said if this is opened up to where it becomes a secondary source the legislature, in essence, is saying this tax should be available to every community in the State of Montana and that is poor tax policy. He stated it undermines overall tax reform and it is deceitful in terms of what Montanans expect in the application of what amounts to a general sales tax. He acknowledged Montanans voted 3 to 1 against a general sales tax a little over a year ago.

SEN. GROSFIELD declared anything can be put in this bill, however, there is still a vote held at the local level. He commented he opposes the amendment.

SEN. STANG attested he opposes the amendment. He said a lot of these towns, although resort towns, 85% of the people living in the town are on retirement income.

SEN. FOSTER remarked he supports **SEN. VAN VALKENBURG'S** motion based on current employment. He stated the issue is tax policy and it should be set by the Montana Legislature.

SEN. ECK responded the legislature for years has advocated it's tax policy responsibilities as far as local government goes.

SEN. GAGE said there are many areas who have problems with their structure, however, just because they are located where they are and aren't tourist attractions they don't have this option.

Vote: **MOTION CARRIED 5 - 4** on a roll call vote.

Motion: **SEN. STANG MOVED HB 524 BE CONCURRED IN AS AMENDED.**

Discussion: **SEN. FOSTER** announced there is a grant or loan going to Whitefish in HB 8 for a water system. He stated the streets will be torn up real soon. He stressed the people who live in Whitefish already have very high property taxes. **SEN. FOSTER** said the stack of letters he got were from the residents of Whitefish who don't want this bill.

SEN. STANG affirmed a contribution method will not work. He said this tax has worked well in St. Regis. He insisted this is a win, win situation.

SEN. GAGE maintained there must be a broad base tax in Montana, there just can't be small pockets of taxes.

Vote: **MOTION CARRIED 5 - 4** on a roll call vote.

EXECUTIVE ACTION ON HB 591

Motion: **SEN. FOSTER MOVED HB 591 BE CONCURRED IN.**

Discussion: **SEN. GROSFIELD** said this is a good bill, however, it needs some fixing and there isn't any funding. He stated there is a federal grant from highway safety funds which may be able to be used.

CHAIRMAN DEVLIN told **SEN. GROSFIELD** if he wants to work on a mechanism for funding it can be amended on the Senate floor.

SEN. FOSTER commented before the hearing started he visited with **Drew Dawson** about funding. He said the providers will put up the money.

Motion/Vote: **SEN. GROSFIELD MOVED TO STRIKE "OR" AND INSERT "AND" ON PAGE 9, LINE 22. MOTION CARRIED UNANIMOUSLY.**

SENATE STANDING COMMITTEE REPORT

April 5, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 524 (third reading copy -- blue), respectfully report that HB 524 be amended as follows and as so amended be concurred in.

Signed: Gerry Devlin
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, lines 6 and 7.
Strike: "PROVIDING" on line 6 through "STORES" on line 7
Insert: "; EXCLUDING GOODS AND SERVICES SOLD FOR RESALE FROM THE RESORT TAX; REQUIRING NOTICE PRIOR TO THE ELECTION OF THE GOODS AND SERVICES SUBJECT TO THE RESORT TAX"

2. Title, line 8.
Strike: "AND"
Insert: ","
Following: "7-6-4463"
Insert: ", AND 7-6-4464"
Following: "~~IMMEDIATE~~"
Insert: "AN IMMEDIATE"

3. Title, line 9.
Strike: "DATES"
Insert: "DATE"

4. Page 2, line 6.
Strike: "or THE secondary"

5. Page 2, lines 11 through 25.
Strike: section 2 in its entirety
Insert: "**Section 2.** Section 7-6-4463, MCA, is amended to read:

"**7-6-4463. Limit on resort tax rate -- goods and services subject to tax.** (1) The rate of the resort tax must be established by the election petition or resolution provided for in 7-6-4464, but the rate may not exceed 3%.

(2) (a) The resort tax is a tax on the retail value of all goods and services sold, except for goods and services sold for resale, within the resort community or area by the following establishments:

(i) hotels, motels, and other lodging or camping facilities;

(ii) restaurants, fast food stores, and other food service establishments;

(iii) taverns, bars, night clubs, lounges, and other public

Amd. Coord.
Sec. of Senate

Senator Carrying Bill

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MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL DATE April 5, 1995

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
DELWYN GAGE	✓		
LORENTS GROSFIELD	✓		
JOHN HARP	✓		
DOROTHY ECK	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG	✓		
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

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establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink; and

(iv) destination ski resorts and other destination recreational facilities.

(b) Establishments that sell luxuries ~~must~~ shall collect a tax on such luxuries."

Section 3. Section 7-6-4464, MCA, is amended to read:

"**7-6-4464. Resort tax -- election required -- procedure -- notice.** (1) A resort community or area may not impose or, except as provided in 7-6-4465, amend or repeal a resort tax unless the resort tax question has been submitted to the electorate of the resort community or area and approved by a majority of the electors voting on the question.

(2) The resort tax question may be presented to the electors of:

(a) a resort community by a petition of the electors as provided by 7-1-4130, 7-5-132, and 7-5-134 through 7-5-137 or by a resolution of the governing body of the resort community; or

(b) a resort area by a resolution of the board of county commissioners, following receipt of a petition of electors as provided in 7-6-4468.

(3) If a resort area is in more than one county, the resort tax question must be presented to and approved by the electors in the resort area of each county.

(4) The petition or resolution referring the taxing question must state:

(a) the rate of the resort tax;

(b) the duration of the resort tax;

(c) the date when the tax becomes effective, which date may not be earlier than 35 days after the election; and

(d) the purposes that may be funded by the resort tax revenue.

(5) Upon receipt of an adequate petition, the governing body may:

(a) call a special election on the resort tax question; or

(b) have the resort tax question placed on the ballot at the next regularly scheduled election.

(6)(a) Before the resort tax question is submitted to the electorate of a resort community or area, the governing body of the resort community or the board of county commissioners in the county in which the resort area is located shall publish notice of the goods and services subject to the resort tax, in a newspaper that meets the qualifications of subsection (6)(b). The notice must be published twice, with at least 6 days separating publication. The first publication must be no more that 30 days prior to the election and the last no less than 3 days prior to the election.

(b) The newspaper must be:
(i) of general, paid circulation with a second-class mailing permit;
(ii) published at least once a week; and
(iii) published in the county where the election will take place.
~~(6)~~(7) The question of the imposition of a resort tax may not be placed before the electors more than once in any fiscal year.""
Renumber: subsequent section

6. Page 2, lines 27 and 28.
Strike: "**DATES**" on line 27
Insert: "date"
Strike: "(1)" on line 27 through "ARE" on line 28
Insert: "[This act] is"

7. Page 2, lines 29 and 30.
Strike: subsection (2) in its entirety

-END-

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE April 5, 1995 BILL NO. HB 524 NUMBER 2

MOTION: Amendment #2 (Sen. Devlin) FAILED

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE		✓
DOROTHY ECK		✓
DELWYN GAGE	✓	
LORENTS GROSFIELD		✓
JOHN HARP		✓
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG	✓	
MIKE FOSTER, VICE CHAIRMAN	✓	
	4	5

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MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE April 5, 1995 BILL NO. HB 524 NUMBER 3

MOTION: Amendment #3 (Sen. Van Valkenburg) (PASSED)

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE		✓
DOROTHY ECK		✓
DELWYN GAGE	✓	
LORENTS GROSFIELD		✓
JOHN HARP	✓	
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG	✓	
MIKE FOSTER, VICE CHAIRMAN	✓	
	5	4

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MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE April 5, 1995 BILL NO. HB 524 NUMBER 4

MOTION: (Concur in) D.P.A.A. (2 amendments) PASSED

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN		✓
MACK COLE	✓	
DOROTHY ECK	✓	
DELWYN GAGE		✓
LORENTS GROSFIELD	✓	
JOHN HARP	✓	
BARRY "SPOOK" STANG	✓	
FRED VAN VALKENBURG		✓
MIKE FOSTER, VICE CHAIRMAN		✓
	5	4

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Amendments to House Bill No. 524
Third Reading Copy

Requested by Senator Stang
For the Committee on Taxation

Prepared by Jeff Martin
March 17, 1995

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Strike: "PROVIDING" on line 6 through "STORES" on line 7
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Insert: ","
Following: "7-6-4463"
Insert: ", AND 7-6-4464"
Following: "~~IMMEDIATE~~"
Insert: "AN IMMEDIATE"

3. Title, line 9.
Strike: "DATES"
Insert: "DATE"

4. Page 2, lines 11 through 25.
Strike: section 2 in its entirety
Insert: "**Section 2.** Section 7-6-4463, MCA, is amended to read:

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(iii) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink; and

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